

**RETIREE HEALTH PLAN
FOR
PEPPERDINE UNIVERSITY**

SUMMARY PLAN DESCRIPTION

PLAN EFFECTIVE DATE: AUGUST 1, 2005

PLAN RESTATED: JANUARY 17, 2017

ALL OF THE INVESTMENT OPTIONS IN THE PLAN ARE MUTUAL FUNDS REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED, BUT THE RIGHT TO MAKE EMPLOYEE AFTER-TAX CONTRIBUTIONS HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND THE EMPLOYEE AFTER-TAX CONTRIBUTION VEBA HAS NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED.

INTRODUCTION TO YOUR RETIREE HEALTH PLAN

Pepperdine University (the “Plan Sponsor”) adopted the Emeriti Retiree Health Plan for **Pepperdine University** (the “Plan”) as of August 1, 2005 (the “Effective Date”). The Plan was amended and restated effective as of January 1, 2012. The Plan was amended and restated and renamed the Retiree Health Plan effective as of January 1, 2017. The Plan is intended to assist you in meeting your medical expenses, and those of your family, during your retirement years. You may be covered under the Plan as an employee Pepperdine University.

Funding for these benefits is through Retiree Health Accounts established in your name during your working years. If you meet the eligibility requirements, your Employer will make contributions to your Employer-Contribution Account, and you will be permitted to make voluntary Employee After-Tax Contributions to your Employee After-Tax Contribution Account.

The employer contributions and your contributions are held in separate trusts where the earnings on contributions are not taxed.¹ Amounts in your Accounts grow tax-free. When you become eligible – primarily when you retire - the amounts paid out of your Accounts for reimbursement of Qualified Medical Expenses, including premiums for health insurance coverage, are also tax-free.

The Plan is a single-employer welfare benefit plan governed by the Employee Retirement Income Security Act of 1974 (“ERISA”), which means that under Federal law you, your Employer, and the Plan Sponsor (*either your Employer or an affiliate of your Employer*) each have certain obligations and rights with respect to the Plan. The principal applicable provisions of ERISA are the provisions on reporting and disclosure, fiduciary responsibility and administration and enforcement. The Plan is not qualified under Section 401(a) of the Internal Revenue Code, which deals with the tax treatment of qualified pension, profit-sharing and stock bonus plans.

The Plan document, consisting of a core plan document and an adoption agreement, describes the terms of the Plan in detail. The terms of the trusts are described in separate trust agreements. This SPD summarizes the terms of the Plan as of January 1, 2017. However, it is not meant to interpret, extend, or change the terms of the Plan in any way, nor does it describe all of the detailed rules that may apply in special circumstances. By reading this SPD you should gain a working knowledge of how the Plan operates and your general rights and obligations under the Plan. ***This SPD is only a summary, and in the event of any conflict between this SPD and the Plan, the Plan’s terms (as stated in***

¹ If your employer is a Section 501(c)(3) organization the trusts established for your plan will be “VEBAs.” A VEBA is a “voluntary employees’ beneficiary association” under Section 501(c)(9) of the Internal Revenue Code. If your employer is a governmental entity the trusts use may be VEBAs or trusts formed under Section 115 of the Internal Revenue Code.

the Plan document) will control. You may request a copy of the Plan document or this SPD by contacting the Plan Sponsor. Nothing in the Plan or this SPD constitutes a contract of employment between you and your Employer or otherwise grants you any right to continued employment by the Employer.

Capitalized terms used in this SPD are generally defined in special definitions boxes throughout this Summary Plan Description ("SPD"). For a list of defined terms, refer to the section entitled DEFINED TERMS. Please refer to the section entitled IMPORTANT INFORMATION ABOUT THE PLAN for details regarding the sponsor and administrator of the Plan, and vital information about the Plan.

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DEFINED TERMS

Most of the terms used in this SPD are self-explanatory or are explained when they first appear. For further explanation of most of these terms, you may also refer to the Plan document.

PARTICIPANTS AND ELIGIBLE FAMILY MEMBERS

Who is Eligible to Participate?

You can participate in the Plan as an “Eligible Employee” if you are a common law employee of the Employer, unless any of the following statements describes you:

- If you are employed by the Employer on a seasonal basis or are regularly scheduled for less than 30 hours per week, you are excluded from participation.
- If you are in a class of employees listed on Appendix B of this SPD, you are excluded from participation.
- If you are an independent contractor, leased employee, temporary employee, or project contractor, you are excluded from participation.
- If you are a retired employee of the Employer when the Plan commences, you are only eligible to participate in the Plan if your Plan Sponsor has expressly provided for your participation under the design of its Plan (*you will be notified separately regarding the terms and conditions of your participation in the Plan*).

DEFINITION OF EMPLOYER: The term “Employer” refers to the Plan Sponsor and any Participating Affiliate (i.e., an organization under common control with the Plan Sponsor that has elected to participate in the Plan). Your Employer may be the Plan Sponsor or a Participating Affiliate listed in Appendix A of this SPD.

You become a “Participant” in the Plan once an Employee After-Tax Contribution Account or Employer Contribution Account is established for you. After you have left employment with a vested account balance), you will be considered a “Participant” until your Accounts have been depleted.

Which of My Family Members Can Benefit Under the Plan?

Although they may or may not qualify for particular benefits under the Plan (as discussed later in this SPD), the following of your family members are eligible to benefit under the Plan:

- Your Spouse (or Domestic Partner)

- Any Dependent Child
- Any Dependent Relative (for reimbursement of Qualified Medical Expenses only)

Who Qualifies As My Spouse?

Under the terms of the Plan, your Spouse is a person to whom you are legally married. For purposes of the Plan, the legality of the marriage is determined in accordance with the laws of the state in which you were married, not the laws of the state in which you reside (irrespective of gender).

If you are divorced or legally separated, your former Spouse loses his or her rights to coverage under the Plan subject to limitations imposed by your Employer (in the adoption agreement for your Plan).

If you die, your Spouse at the time of your death will be considered your Spouse under the Plan until he or she dies (regardless of subsequent marital status).

Who Qualifies As My Domestic Partner?

In this SPD, if you see the term Domestic Partner, it refers to a person who is either your Dependent Domestic Partner or Non-Dependent Domestic Partner. Any reference to a Domestic Partner in this SPD means an individual of either sex. An individual who meets these requirements is eligible to receive benefits under the Plan in the same manner as a Spouse. However, please note the following:

- There may be federal and state tax consequences when a Non-Dependent Domestic Partner receives benefits under the Plan. The distinction between a Dependent and Non-Dependent Domestic Partner is based on federal tax code regulations regarding persons whom you may claim as a dependent for federal income tax purposes.
- You can have only one Domestic Partner, and you cannot have a Domestic Partner if you have a Spouse.

Who Qualifies As My Dependent Child?

A Dependent Child is any child of the Participant who is age 26 or younger. An individual satisfying this age requirement will be considered your child if he or she is your natural child, adopted child, stepchild, or a child placed for adoption by you, or if you are the individual's permanent legal guardian or permanent custodian.

Children of a Domestic Partner: An individual who satisfies the age requirement (age 26 or younger) will be considered your Dependent Child under the Plan if he

or she is the natural child, adopted child, stepchild, or a child placed for adoption by your Domestic Partner, provided that you may claim the child as a dependent for federal income tax purposes, or would have been able to do so, but for the child's age.

Handicapped Child: An unmarried dependent child who is mentally or physically handicapped may continue to be qualified beyond the maximum age provided the child is incapable of self-sustaining employment and is chiefly dependent upon the Participant for support and maintenance.

Effect of Your Death: If an individual is your Dependent Child when you die, he or she will remain a Dependent Child for purposes of the Plan until he or she fails to satisfy the definition of Dependent Child. This means that any balances in your Account(s) will be available to pay for his or her Qualified Medical Expenses. However, these benefits cease once your child fails to satisfy the age requirement.

Normally an individual has to be designated as your Dependent Child in order to be eligible to benefit under the Plan. However, the following exception applies: an individual who was not designated as your Dependent Child at the time of your death will be treated as your Dependent Child if he or she shows valid evidence that he or she would have qualified as a Dependent Child on the date of your death had you properly designated such individual as your Dependent Child, provided that he or she does so within the 180 days following your death and following the required procedures.

Who Qualifies As My Dependent Relative?

A Dependent Relative is any of the following individuals, *provided you may claim the person as a dependent for federal income tax purposes*. Specifically, such person must receive over 50% of his or her financial support from you and be one of the following:

- your child (other than a Dependent Child) or a descendent of your child;
- your sibling or stepsibling;
- your parent, or an ancestor of your parent;
- your stepparent;
- your aunt, uncle, niece, or nephew;
- your son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law; and

- any other individual to whom you are related who for the calendar year uses your home as his or her principal place of abode and is a member of your household.

IMPORTANT: The rules for Dependent Relatives differ from those for Spouses, Domestic Partners and Dependent Children:

- Dependent Relatives are eligible only for the Reimbursement Benefit (i.e., the reimbursement of Qualified Medical Expenses from the Participant's Accounts).
- If an individual is your designated Dependent Relative on the date you die, he or she will remain a Dependent Relative so long as any amount remains in your Account(s).
- Dependent Relative status cannot be established after you die.

EMPLOYER CONTRIBUTIONS

If you are an Eligible Employee (*defined in the previous section*), an Employer-Contribution Account will be established to record contributions made by your Employer on your behalf to the trust established for this purpose.

When Does My Employer Begin Making Employer Contributions?

Once you have attained age 40 and have 3 years of continuous service, your Employer will begin making Employer Contributions to your Account. Your Employer will make a contribution for each payroll period during which you are credited at least one Hour of Service, or as otherwise described in the adoption agreement for your Plan.

DEFINITION OF HOUR OF SERVICE: The term "Hour of Service" means any hour for which you are directly or indirectly paid or entitled to payment by your Employer as an employee.

What Happens If I Am Not Credited With an Hour of Service In a Payroll Period?

If you are not credited with at least one Hour of Service during a payroll period, your Employer will not make a contribution to your Employer-Contribution Account except under the following circumstances:

- Your Employer will make an Employer Contribution for any payroll period during which you are on a Authorized paid Leave of Absence, paid

holiday, paid vacation, or regularly scheduled paid or unpaid summer absence.

- Your Employer will make an Employer Contribution if required under the Uniformed Services Employment and Reemployment Rights Act of 1994 or the Family and Medical Leave Act of 1993.

DEFINITION OF AUTHORIZED LEAVE OF ABSENCE: The term "Authorized Leave of Absence" means any period of absence authorized by your Employer under its applicable personnel practices (including any period covered by the Uniformed Services Employment and Reemployment Rights Act of 1994 or by the Family and Medical Leave Act of 1993). It does not include paid holidays, paid vacation, or regularly scheduled paid or unpaid summer absence. For example, if you go on an authorized sabbatical, you are considered to be on an Authorized Leave of Absence.

How Long Will My Employer Make Employer Contributions?

Your Employer will cease making Employer Contributions to your Employer-Contribution Account on the earlier of:

- the date when the Employer has made Employer Contributions to your Employer-Contribution Account for 25 calendar years; or
- the date you cease to be employed by the Employer; or
- the date you die.

How Is the Amount of the Employer Contribution Determined?

Your Employer will determine the amount of its contributions for each payroll period using the formula described in Appendix C of this SPD. The Plan Sponsor can change this formula at any time.

What If I Am Already Over the Age that Employer Contributions Begin When the Plan Commences?

On the Plan's Effective Date if you are already over the age when Employer Contributions begin, then your Employer may make a special transition Employer Contribution on your behalf in addition to its contributions each payroll period. The terms of this transitional funding, including its effect on any future Employer Contributions, will be communicated to you separately by your Employer.

EMPLOYEE AFTER-TAX CONTRIBUTIONS

If you are an Eligible Employee, you may make voluntary contributions to the Plan on an after-tax basis. An Employee After-Tax Contribution Account will be established to record contributions you make to the trust established for this purpose.

What Should I Consider in Deciding Whether to Make Employee After-Tax Contributions and the Amount to Contribute?

You should consider a number of factors in deciding whether to make Employee After-Tax Contributions and the amount of any contributions. Some of the factors are particular to you and some relate to the Plan. You should consider your individual situation, including, for example, your health and the health of your eligible dependents who might be covered, your options for access to other health insurance and medical reimbursements in retirement, your alternatives for the payment of retiree medical expenses, your sources and the amount of your anticipated retirement income, your overall financial situation, and the amount of Employer Contributions that might be made on your behalf.

Finally, you should consider what an appropriate amount of contributions would be, given your anticipated cost of retiree health care and the range of investment gain or loss experienced on the contributions while they remain invested in the Plan. Although you do not want to save too little, you should be careful not to contribute too much taking into account your anticipated costs. For most people, the latter situation (accumulating too much in your Retiree Health Accounts) is unlikely. However, if the amount in your Employee After-Tax Contribution Account is not fully expended for medical purposes (Qualified Medical Expenses and insurance premiums) during your lifetime and the lifetimes of your eligible dependents, the remaining amount will be forfeited back to the Plan, in which case the assets are redistributed among current Participants in the Plan. See the section USE OF RETIREE HEALTH ACCOUNTS.

The Plan is subject to change in the future. The Employer may change the Plan at any time. In addition, BPAS could cease to be associated with the Plan in the future. See the section PLAN ADMINISTRATION (*Is The Plan Subject to Change?*) and the section AMENDMENT, TERMINATION, AND WITHDRAWAL.

When Can I Begin Making Employee After-Tax Contributions?

Your Employer will notify BPAS to establish an Employee After-Tax Contribution Account in your name when you become an Eligible Employee. You will then receive an enrollment "Welcome Letter" from BPAS and may begin making Employee After-Tax Contributions after you enroll.

How Do I Enroll For Employee After-Tax Contributions?

You must contact the Human Resources Office for your Employer to begin voluntary contributions. You can enroll at any time after becoming eligible. If you have questions about your Health Account, please call BPAS at 866.401.5272.

How Do I Make Employee After-Tax Contributions?

The primary way to make Employee After-Tax Contributions is by regular payroll deductions. If you elect to make contributions by payroll deduction, they will commence with the next payroll period after your enrollment is processed by your Employer. Employee After-Tax Contributions can be made in any amount of whole dollars.

You also may have the option to make lump sum contributions to the Plan outside of the payroll process. The process for doing so will change from time to time, as administrative processes are updated.

If you are a retired employee, you will be eligible to make contributions via ACH Transfer – an electronic transfer from your private checking account - in order to pay fees, if any are assessed against your Account(s) under your Employer's plan.

For more information about making contributions outside of the payroll process and to learn about ACH Transfers, please contact BPAS at 866.401.5272.

Can I Change or Stop My Employee After-Tax Contributions?

You can change your payroll contributions or stop making contributions at any time by contacting your Human Resources office. The change will be made on the first payroll period after your new election is processed by your Employer.

Is the Amount of My Employee After-Tax Contributions Limited?

There currently are no limits on the amount of Employee After-Tax Contributions that Participants may make, but limitations may be imposed at any time on the amount of Employee After-Tax Contributions that Participants may make if such limitations are necessary to comply with any Internal Revenue Code requirements.

Can I Get My Employee After-Tax Contributions Back?

Under Federal law, once you have made an Employee After-Tax Contribution, you can never receive that contribution or any earnings on it back in cash. The only distributions that you can receive are in the form of premium payments for the Health Insurance Plans and reimbursements for Qualified Medical Expenses incurred by you and your eligible dependents.

What if I'm Absent from Work for Military Service?

If you are absent from work for qualified military service covered by the Uniformed Services Employment and Reemployment Rights Act of 1994 ("USERRA"), you may continue to make Employee After-Tax Contributions. You should contact your Employer prior to going on military leave so that the Plan Sponsor can inform you of the rules regarding military leave and Employee After-Tax Contributions, including how soon after military service you must return to employment with the Employer.

Can My Dependents or Anyone Else Make Contributions to My Account?

No. You are the only person permitted to make contributions to your Employee After-Tax Contribution Account.

INVESTMENT OF RETIREE HEALTH ACCOUNTS

The amounts held in your Retiree Health Accounts (your Employee After-Tax Contribution Account and Employer-Contribution Account) are invested in an age appropriate Target Date fund. You may also transfer any balance to the Investment platform. These Mutual Funds are listed in Appendix D – Investment Options - of this SPD, which includes additional information about the Mutual Funds. All Investment Options are "mutual funds."

Who Controls How My Accounts Are Invested?

You control the investment of both your Employee After-Tax Contribution Account and your Employer-Contribution Account, subject to BPAS's procedures and the terms of the Plan.

It is very important that you carefully consider how you wish to invest the balance in your Accounts. Each Mutual Fund in which you may invest under the Plan is subject to gains and losses due to investment performance, as well as fees which are disclosed in the prospectus for each Mutual Fund. The Funds are subject to the volatility of the financial markets in the United States and abroad and, depending on the particular Mutual Fund, may be subject to the additional risks associated with investing in high-yield, small-cap, and foreign securities. Neither diversification nor asset allocation ensures a profit or guarantees against loss.

You can choose whether to invest the balance in your Accounts in one of the available Mutual Funds or in any combination of funds. Alternatively, if you do not make an active investment decision, the balance will remain in your target date fund account

What Investment Options Are Available?

The Mutual Funds available under your Plan are identified at Appendix D – Investment Options - of this SPD. The core lineup mirrors the core lineup in the 403(b) fund where possible. Additional information regarding investment options is available to you by logging onto the BPAS website at u.bpas.com. Fund prospectuses will be provided as described in more detail below.

The Plan Sponsor may add or eliminate investment options from time to time. Similar, the Plan Sponsor may alter the menu of mutual funds made available under the Retiree Health Plan program from time to time. If a Mutual Fund is removed you will be provided notice of the change and time to adjust the investment of your Account balances. In rare circumstances that in the judgment of the Plan Sponsor require immediate action, you may be informed after a change is implemented.

THE INVESTMENT OPTIONS IN YOUR PLAN ARE MUTUAL FUNDS REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED AND THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED. MUTUAL FUND SHARES ARE HELD IN THE NAME OF THE EMPLOYER-CONTRIBUTION AND EMPLOYEE AFTER-TAX CONTRIBUTION TRUSTS. THE TRUSTS HAVE NOT BEEN REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940. THE CORRESPONDING PARTICIPATION INTERESTS IN THE EMPLOYEE AFTER-TAX CONTRIBUTION TRUST HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933.

How Do I Make Elections Regarding How My Accounts Are Invested?

When you first become a Participant, any contributions made to the account will be default invested in a Target Date fund based on your projected retirement age. You may choose to change the default investment election through the BPAS investment portal u.bpas.com.

How Do I Reallocate Investments in My Account?

You can change how future contributions to your Accounts are invested by making a new election on the u.bpas.com website. You may also reallocate your funds that are invested.

Are There Any Limitations or Restrictions Relating to The Reallocation of Investments?

Yes. BPAS may impose some limitations on the reallocation of small amounts.

Does BPAS provide Investment Advice or Assist Me In Making Investment Decisions?

Neither BPAS or the Retiree Health plan provides personalized investment advice to individual Participants regarding their particular investment choices. It is your responsibility to select and monitor your investments to make sure they continue to be appropriate taking into consideration your unique financial circumstances, risk tolerance, remaining years until retirement, and other factors you may consider relevant – and taking into consideration the investment performance of the investment options over time. The Retiree Health plan suggests that you reexamine your investment strategy at least annually or when your circumstances change. You should consult with your personal investment, tax or other financial adviser regarding your particular situation.

How Are Transactions in the Mutual Fund Priced?

Shares of the Mutual Funds are bought at the next Net Asset Value (“NAV”) calculated for the Mutual Fund after the contribution is received by BPAS. Exchanges, transfers and sales will be executed at the next NAV calculated after the exchange, transfer or sale is received by BPAS. Transactions confirmed after the close of the market, normally 4 p.m. Eastern time, or on weekends or holidays, will receive the next available NAV. The NAV is usually calculated at the close of the market each business day. Please refer to Mutual Fund prospectuses for additional information.

Do I Receive Activity Notices, Account Statements and Prospectuses?

You will receive *activity notices* when you reallocate assets between or among Mutual Funds or change the future allocation of new contributions. If you transact through the internet, through a phone representative or through the automated phone system, you will have the choice of receiving a paper activity notice or an electronic version for each transaction.

You will receive *account statements* annually by paper or electronically according to your election. You will also have access to a website (u.bpas.com) where current account information is available 24 hours per day, including updated performance statistics on the mutual funds. You can also obtain current account information by calling 1.866.401.5272 during normal business hours.

You will also have access to the website, documents, fund prospectuses and account statements at any time at u.bpas.com. You may also contact BPAS at 866.401.5272 for additional information.

How Are My Accounts Invested If I Die?

If you die and a balance remains in your Accounts (after application of the Plan’s forfeiture rules), then your Spouse (or Domestic Partner) directs the investment of your Account(s). If you die with no surviving Spouse (or Domestic Partner), or if your Spouse (or Domestic Partner) later dies, and one or both of your Accounts remain available for your Dependent Children or Dependent Relatives, then the

Plan has established a hierarchy of who controls the Accounts from among your Dependent Children and Dependent Relatives.

In the event of your death, your eligible surviving dependents can continue to use your Retiree Health Accounts to pay health insurance premiums and qualified, out-of-pocket medical expenses that they incur. Amounts remaining in the Accounts after they die or cease being eligible are forfeited back to the Plan. See the section entitled RETIREE HEALTH REIMBURSEMENT BENEFIT: THE REIMBURSEMENT OF QUALIFIED MEDICAL EXPENSES.

Does the Investment of My Accounts Change Once I Retire?

You may continue to invest your Accounts in the Investment Options listed in Appendix D of this SPD even after you retire. In that case, the balance in your Accounts will remain subject to the performance of those Mutual Funds.

FEES

Are Fees Charged to My Accounts?

Yes. The Plan permits the reasonable costs of administering the Plan to be charged against Plan assets, including your Accounts.

What Fees Are Charged by BPAS?

The fee charged by BPAS for its services to the Plan is \$4.00 per month for each Participant and 0.35% annually based on account balance.

Your portion of this fee is charged monthly against your Account balances. This fee ceases when you have no balance in your Accounts.

What Fees Are Charged for the Use of the Investment Platform?

BPAS provides investment management, trust, administration and record-keeping services to the Plan, including the record-keeping of your Accounts, and it carries out other ministerial functions essential to the operation of the Plan.

BPAS also earns investment management and related fees associated with the Investment Funds. These fees, which differ from fund to fund, are reflected in the total return of the Investment Funds that you select and are detailed in the prospectus for each Investment Fund.

What Fees Are Charged by My Employer?

You are not charged for any of the costs incurred by your Employer to participate in the Retiree Health Plan program or associated with its ongoing operation of the Plan.

THE RETIREE HEALTH REIMBURSEMENT BENEFIT: THE REIMBURSEMENT OF QUALIFIED MEDICAL EXPENSES

Once you satisfy your Plan's eligibility criteria, you are eligible to use your Retiree Health Plan Account balances to be reimbursed for Qualified Medical Expenses.

What is a Qualified Medical Expense?

"Qualified Medical Expenses" or "QMEs" are those expenses incurred by you, your Spouse (or Domestic Partner), your Dependent Children, and your Dependent Relatives for "medical care" as defined in Internal Revenue Code Section 213(d). Most types of medical care are covered, and you may also receive reimbursement for health insurance premiums (but not coverage for any individual as an active employee or dependent of an active employee under an employer-sponsored group health plan), Medicare premiums, long term care premiums, over-the-counter pharmaceuticals with a physician's script, and medical goods, but only to the extent these expenses have not been covered by insurance or another benefit plan. If an Insurer pays only a portion of a medical expense, the unpaid portion may be submitted for reimbursement as a Qualified Medical Expense.

When Do I Become Eligible for the Reimbursement Benefit?

You become eligible for this benefit when either of the following occurs:

- You have satisfied your Plan's Vesting Criteria and subsequently cease employment with the Employer; or
- You have ceased employment with the Employer

Can I Access All My Accounts?

You cannot obtain reimbursement for QMEs prior to the eligibility date described above.

When Does the Right to Reimbursement of Qualified Medical Expenses Cease?

The reimbursements will cease when the balance of both your Accounts reaches \$0.

Also, the reimbursements will cease, even if a balance remains, if there is no one to submit the claim and no remaining, eligible dependents. If you and your eligible dependents die, or if a child ceases to satisfy the Dependent Child definition, (usually by becoming too old), the remaining Account balances are forfeited to the Plan.

What Happens if I Die?

If any balance remains in your Accounts when you die, your surviving Spouse, Dependent Children (until they cease to be Dependent Children), and Dependent Relatives may use the balance remaining in your Employee After-Tax Contribution Account for the reimbursement of Qualified Medical Expenses they incur and the payment of premiums for any Health Insurance Plan under which they may be covered, subject to their eligibility for the health insurance.

If any balance remains in your Accounts when you and your Spouse (or Domestic Partner) have died, your Dependent Children have died (or ceased to be Dependent Children), and your Dependent Relatives have died, then the remaining balance will be forfeited to the Plan. Any amounts forfeited to the Plan and attributable to your Employee After-Tax Contribution Account will be reallocated to the Employee After-Tax Contribution Accounts of other Participants who have a positive Account balance in your Plan. If any balance remains in your Employer-Contribution Account, it will be forfeited to the Plan and will be kept in the Plan for Plan purposes defined by the Plan Sponsor, within the limitations imposed under ERISA.

Can I Transfer My Benefits to Someone Else?

No. Neither you nor your eligible dependents have any right to transfer, sell or otherwise dispose of any right to benefits payable to you under the Plan.

What Happens to My Employee After-Tax Contribution Account If I Cease to Be Employed by the Employer (and What Happens If I Die)?

If you cease to be employed by the Employer, your Employee After-Tax Contribution Account will be available for the Retiree Health Reimbursement Benefit (the reimbursement of Qualified Medical Expenses), subject to the eligibility provisions of your Plan. In addition to using the balance in your Employee After-Tax Contribution Account for the reimbursement of medical expenses, you also pay premiums for any Health Insurance Plan from this Account after you retire. Your Spouse (or Domestic Partner), Dependent Children, and Dependent Relatives, also may be eligible for certain benefits, subject to the eligibility provision of your Plan.

If you die, your surviving Spouse, Dependent Children (until they cease to be Dependent Children), and Dependent Relatives may use the balance remaining in your Employee After-Tax Contribution Account for the reimbursement of Qualified Medical Expenses they incur and the payment of premiums for any Health Insurance Plan under which they may be covered, subject to their eligibility for the health insurance.

If any balance remains when you and your Spouse (or Domestic Partner) have died, your Dependent Children have died (or ceased to be Dependent Children), and your Dependent Relatives have died, then the entire remaining balance of your Employee After-Tax Contribution Account will be forfeited to the Plan. Any amounts forfeited to the Plan will be reallocated to the Employee After-Tax Contribution Accounts of other Participants who have a positive Account balance in your Employer's Plan.

What Happens to My Employer-Contribution Account If I Cease to Be Employed by the Employer (and What Happens If I Die)?

The Plan requires you to satisfy specific age and service requirements in order to use the Employer-Contribution Account, specifically **age 55 with 10 years of continuous service or age 65 with 5 years of continuous service upon termination**. If you do not satisfy these requirements, the balance in your Employer-Contribution Account will be forfeited to the Plan after you cease employment with the Employer except in the instance of terminal illness or injury or catastrophic medical expenses while employed or within twelve months after employment. If you have satisfied the age and service criteria, when you cease to be employed by the Employer, your Employer-Contribution Account will be available for the Retiree Health Reimbursement Benefit (the reimbursement of Qualified Medical Expenses incurred after employment).

If any balance remains when you have died, when your Spouse (or Domestic Partner) has died, when your Dependent Children have ceased to be Dependent Children (or have died), and when your designated Dependent Relatives have died, then the entire balance of your Employer-Contribution Account will be forfeited back to the Plan and will be kept in the Plan for Plan purposes defined by the Plan Sponsor.

There are two exceptions where this forfeiture provision will not apply: (1) terminal illness or injury situations; and (2) catastrophic expense situations. Each is described below. Each is also subject to limitations if you participate in a health savings account ("HSA") or health flexible spending account ("FSA"). See, "What if I Participate in an HSA or FSA?"

What is the Exception for Terminal Illness or Injury?

If you cease to be employed by your employer and you meet the criteria relating to terminal illness while employed or within twelve (12) months of termination of employment, your Employer Contribution Account will not be forfeited and you can be reimbursed from your Accounts for the Qualified Medical Expenses of a terminally ill or injured individual that incurred: (i) within one year prior to the date of the individual's death; or (ii) within one year prior to, or at any time following, the date of certification by the individual's physician that the individual has suffered an illness or injury expected to result in such individual's death within five (5) years of the date of certification.

In order to be eligible for reimbursements under this provision, the expenses must have been incurred on or after the date you became a Participant in the Plan. If the terminally ill or injured individual is your Spouse (or Domestic Partner), Dependent Child, or Dependent Relative, the expenses must have been incurred when the individual qualified for their status. For example, if your Spouse's expenses were incurred prior to the date of your marriage, they are not reimbursable. Similarly, if your child's expenses were incurred after he or she no longer qualified as a Dependent Child under the Plan (for example, when he or she was age 27), they are not reimbursable.

What is the Exception for Extraordinary Medical Expenses?

The Plan provides catastrophic protection. If you cease to be employed by your Employer and you meet the criteria relating to catastrophic medical expenses while employed or within twelve (12) months of termination of employment and you submit valid evidence (as a single claim) of Qualified Medical Expenses incurred by you, your Spouse (or Domestic Partner), Dependent Children, and/or Dependent Relatives during a single 12-month period, and those expenses exceed \$15,000 in the aggregate, then your Employer Contribution Account will not be forfeited and the Plan will reimburse you for the portion of those Qualified Medical Expenses that exceed \$15,000. QMEs do not include expenses incurred prior to the date you became a Participant. Similarly medical expenses incurred by a Spouse, (or Domestic Partner), Dependent Child, or Dependent Relative are not counted toward the \$15,000 threshold (and, if above the threshold, or, if they were incurred when the individual was not of qualifying status, are not reimbursable).

Are There Any Other Limitations That I Need to Know About?

Yes. There are limitations relating to the following:

The date on which the expense was incurred

The timeliness of claims submission

Your participation in an HSA or FSA

The balance in your Account

What if I Participate in an HSA or FSA?

If you are still employed by the Employer and participate in a high deductible health plan ("HDHP") and are eligible to contribute to a health savings account ("HSA"), you are not eligible for the Retiree Health Plan Reimbursement Benefit until you have first satisfied the HDHP's minimum annual deductible for the year in which the Qualified Medical Expenses were incurred.

If you elect coverage under your Employer's health flexible spending account ("FSA") – or at a different employer after leaving your employment with the Employer -- you will not be eligible for the Retiree Health Plan Reimbursement Benefits until you have first exhausted the FSA for the year in which the Qualified Medical Expenses were incurred.

HOW TO SUBMIT QUALIFIED MEDICAL EXPENSE CLAIMS FOR REIMBURSEMENT

If you are eligible for the Retiree Health Plan Reimbursement Benefit, you will be able to submit claims for the reimbursement of Qualified Medical Expenses. We describe the process in this section. You also may have access to the BPAS Benefit Card, which can be used at point of purchase at qualifying pharmacies and other locations within the rules and limitations that are explained to you when you sign up for the card.

Who Can Submit a Claim?

Prior to the death of the Participant, only the Participant (or his or her representative in the event of incapacity) may submit claims for the reimbursement of a Qualified Medical Expense, regardless of whether the expense was incurred by the Participant, Spouse (or Domestic Partner), Dependent Child, or Dependent Relative. (The only exception is that a Dependent Child may submit claims pursuant to a qualified medical child support order (QMCSO)).

Who May Submit a Claim After I Die?

If a Participant dies and a balance remains available in his or her Account(s), the responsibility for submitting claims falls to the same person responsible for investing the Account balances. (See the section INVESTMENT OF RETIREE HEALTH ACCOUNTS.) Specifically, the surviving Spouse (or Domestic Partner) submits all claims (incurred by all eligible dependents). If there is no surviving Spouse (or Domestic Partner) or such person dies or opts out of this responsibility, the following persons manage the claims process on behalf all eligible dependents in the order indicated:

- the oldest Dependent Child (or his or her legal guardian or permanent custodian) until he or she ceases to be a Dependent Child, dies, or opts out, and then
- the next Dependent Child as ranked by age (or his or her legal guardian or permanent custodian) and so on, and
- if there are no remaining Dependent Children (or the last such individual has opted out), then the oldest Dependent Relative shall direct the investment of the Accounts unless he or she elects to opt out of directing

the investment (provided however, that the last such individual may not elect to opt out).

If a balance remains in your Accounts and there are no eligible dependents, then the balance is forfeited to the Plan

What Do I Need to Do Before Submitting a Claim for Reimbursement?

There are no limits on the amount of reimbursement for a Qualified Medical Expense, except the total amount in your Retiree Health Account.

You should check the available balance in your Retiree Health Account(s). If there is an insufficient balance in the account, you may transfer funds from other investment positions in the account by going online at u.bpas.com or calling 1.866.401.5272.

How Do I Submit a Claim?

You must file a claim in accordance with the procedures described below in order to receive reimbursement of Qualified Medical Expenses. Claims are processed by BPAS but may be subject to review by the Plan Sponsor. You can file a claim online at u.bpas.com or you can contact 1.866.401.5272 for claim forms.

You must submit your claim for reimbursement of Qualified Medical Expenses to BPAS within 12 months following the end of the calendar year in which the claimed expense was incurred. Claims submitted after that time will be denied, unless it was not reasonably possible to give proof of the claim within the required period and you submitted the claim as soon as reasonably possible. Please note that upon the last to die (or reach majority) of the Participant, Spouse (or Domestic Partner), Dependent Children, and Dependent Relatives, all claims must be submitted within 12 months following the date of death (or attainment of majority) or they will be denied.

- If your claim is for premiums paid for third-party health insurance, you must submit a bill, receipt, or similar documentation from the health insurance company clearly showing that the expense was health insurance premiums and the period of coverage did not exceed 1 year, the individual for whom the insurance was provided, and the date the insurance was purchased.
- If your claim is for medical expenses other than insurance premiums (e.g., medical care, pharmaceuticals, or medical goods), you must submit an Explanation of Benefits (“EOB”), receipt, or similar documentation from the provider of the service or goods showing the type of service or product, the date of service or sale, and the individual for whom the service or sale was provided.

You should submit your claim to BPAS at the following address:

BPAS
820 Gessner Road, Suite 1250, Houston, Texas 77024
Fax: (866) 254-2942
Or online at u.bpas.com

How Long Does It Take to Decide My Claim?

BPAS will determine whether the claimed expense is a Qualified Medical Expense. If so, the claim will be paid. If BPAS determines that the claim is not a Qualified Medical Expense, BPAS generally will notify you of its decision within 15 days of its receipt of your claim. However, special circumstances may require a 15-day extension of time to review your claim. BPAS will notify you of the need for an extension, including the circumstances requiring the extension and the date a decision is expected.

What If I Don't Agree With the Claim Determination?

Except as described under "What If I Have a Claim Under Health Insurance?", if your claim is denied in whole or in part, you may request review of your claim at any time within 180 days following the date you received written notice of the denial. If you fail to file a request for review within 180 days, you waive your right to request a review of the denial of the claim. Here is how to file:

- If you believe BPAS has made an error in processing your claim, you may request review of your claim by contacting BPAS.
- Submitting a request for review to the Plan Sponsor at the address provided in the section IMPORTANT INFORMATION ABOUT THE PLAN.

Your request must be in writing and state your name and address, the fact that you are disputing the denial of a claim, the date of the initial notice of denial, and the reason(s) for disputing the denial (*you may be asked to submit additional information*). You may include written comments, documents, records and other information relating to your claim in your request for review. You also have the right to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to your claim. You will be notified of the decision on review no later than 30 days after receipt of the written request for review.

What Happens If a Claim Is Overpaid?

With respect to reimbursement of Qualified Medical Expenses, the Plan may seek return of the overpayment, deduct the overage from your personal bank account, or may reduce future benefits to offset the amount of any overpayment.

What Is the Time Limit For Submitting Claims After the Last To Die (or Reach Majority) of All the Covered Family Members?

Upon the last to die (or reach majority) of the Participant, Spouse (or Domestic Partner), Dependent Children, and Dependent Relatives, all claims must be submitted within 12 months following the date of death (or attainment of majority) or they will be denied.

Can Legal Action Be Brought Against the Plan For Benefit Claims?

Legal action may be brought against the Plan for benefits after the claimant exhausts the administrative procedures described above. Any action for benefits must be brought within one year from the expiration of the time within which a final appeal is denied.

Will My Accounts Pay For All of My Retirement Medical Expenses?

There is no guarantee that your Accounts will be sufficient to pay for all of your retirement medical expenses. The only benefit available is the total amount that you have accumulated in your Accounts. However, you may replenish your Employee After-Tax contribution Account by making after-tax contributions to the Account after you have ceased employment. The balance would be available for the reimbursement of Qualified Medical Expenses and the payment of premiums for Health Insurance Plan Options. Any investment gain on the balance would accumulate on a tax-free basis.

PLAN ADMINISTRATION

Who Administers the Plan?

The Plan Sponsor is the administrator of the Plan and responsible for the overseeing and monitoring its administration and operation. Various service providers perform ministerial services for the Plan Sponsor to assist it in administering the Plan. However, the Plan Sponsor (or its delegate) has the sole discretion and authority to interpret and administer the Plan in all of its details. The determination of the Plan Sponsor (or its delegate) as to any question involving the administration and interpretation of the Plan shall be final, conclusive, and binding, subject to any rights a participant may have under the Plan, for example, to appeal a benefits determination, or any legal action he or she may be entitled to commence under ERISA. (See the section titled "Legal Considerations Under ERISA and The Securities Laws" and the "Statement of ERISA Rights" in this SPD.)

The Plan Sponsor has expressly delegated its authority to BPAS to act as administrator with respect to certain aspects of the Plan, subject to oversight by the Plan Sponsor. In addition to any powers delegated to BPAS as described in the other portions of this SPD, the Plan Sponsor has delegated the following powers to BPAS:

- to make and enforce such rules and regulations as BPAS deems necessary or proper for the efficient administration of the Plan within the framework of the Retiree Health Plan Program;
- to interpret the Plan, and to resolve any ambiguity or inconsistency in the terms of the Plan where necessary for the efficient administration of the Plan within the framework of the Retiree Health Plan Program; and
- to allocate and delegate certain ministerial responsibilities under the Plan and to designate other persons to carry out any ministerial responsibilities, including those relating to the recordkeeping of Plan assets and participant-level accounts.

Who Are the Plan's Service Providers and What Are Their Functions?

BPAS provides record-keeping services relating to your participation in the plan, your and your Employer's contributions to the Plan, your investment options, and other administrative services.

BPAS also provides services that include insurance premium administration, qualified medical expense processing, and other administrative services.

Can the Service Providers Change?

Yes. While no changes are currently contemplated, the role of current service providers in support of the Retiree Health Plan Program and your Plan is not guaranteed. Contracts may be terminated and service providers may change under certain circumstances.

Who Is the Trustee?

The Trustee for both VEBA Trusts established to hold your Plan's assets is Hand Benefits and Trust. The principal duties of the Trustee are to hold, invest and reinvest the Trust Fund in accordance with the direction provided by the Plan Sponsor and you and to make payments from the Trusts as directed by the Plan Sponsor. The Trustee also votes the shares of the Mutual Funds as directed by the Participants.

What Protection Does the Use of a VEBA Trust Provide?

Because the balance in your Accounts reflects assets held by a VEBA trust, the assets can be used only to provide benefits under the terms of your Plan and cannot be reached by your Employer or any creditor of you or your Employer. If assets in a Participant's Account are forfeited, the assets remain in the Trust and may be used to pay certain plan expenses or future employer contributions. If the source of forfeited assets is a Participant's own contributions, the assets must be allocated among the Accounts of current Participants.

What Government Reporting is Done For The Plan?

Each year, the Plan will file an annual report (DOL Form 5500) with the U.S. Department of Labor. In most cases, the Form 5500 filing must include an audited financial statement for the Plan that satisfies ERISA requirements.

Additionally, each of the VEBA trusts will file an IRS Form 990 (Exempt Organization Tax Return) with the Internal Revenue Service each year.

Do I Receive Any Information Connected to the Plan's Annual Report to the Government?

Within nine months after the end of each year, you will receive a Summary Annual Report that provides important information from the Form 5500. You also can obtain a copy of the Form 5500, including the audited financial statement, upon request to the Plan Sponsor. You may inspect a copy of the Form 990 filed for each VEBA trust associated with your Plan upon request to the Plan Sponsor.

LEGAL CONSIDERATIONS UNDER ERISA AND THE SECURITIES LAWS

The Plan is an employee welfare benefit plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA"). ERISA provides a comprehensive regulatory scheme for the regulation of employee welfare benefit plans and provides you with certain rights, protections and remedies. In addition, various remedies available under the federal securities laws may be applicable to your Plan.

ERISA Section 502(a)(2) allows a participant, fiduciary or beneficiary to bring suit against a fiduciary for breach of fiduciary duty under ERISA Section 409. ERISA Section 502(a)(3) allows a participant, fiduciary or beneficiary to bring suit to enjoin any act that violates ERISA or obtain equitable relief to redress a violation of ERISA. The fiduciaries of the Plan include the Plan Sponsor (your Employer) as the plan sponsor, named fiduciary and the plan administrator. (Each of these terms is defined in ERISA.) The fiduciary status of the trustee is limited by its status as a directed trustee. The fiduciary status of BPAS is limited by the extent that the Plan Administrator has delegated to it certain fiduciary duties and discretionary authority with respect to the Plan. In most jurisdictions and most circumstances, remedies relating to the Mutual Funds may be pursued only by the Plan on behalf of all affected participants and any recovery would be retained in the Plan accounts of affected participants. Please also see the Statement of ERISA Rights set forth below.

All of the Investment Options offered under your Plan are registered mutual funds, for which the prospectuses are available on the internet or can be requested by phone. The offerings of shares of the mutual funds are registered under the Securities Act of 1933 ("Securities Act"), and the mutual funds are registered under the Investment Company Act of 1940 ("Investment Company

Act”). Potential remedies under the federal securities laws may include (1) Section 11 of the Securities Act, which provides a rescission remedy for securities sold under a registration statement where there is a material misstatement or omission; (2) Section 12(a)(2) the Securities Act, which provides a rescission-type remedy for securities sold under a prospectus which contains a material misstatement or as to which there is an omission of a material fact, and (3) Rule 10b-5 under the Securities Exchange Act that makes it unlawful to employ any device to defraud, to make any untrue statement of a material fact, or to engage in any transaction that operates as a fraud in the offer or sale of any security.

Participation interests in the Employee After-Tax Contribution VEBA under the Plan are securities that are not registered under the Securities Act and the Employee After-Tax Contribution VEBA is not registered under the Investment Company Act. The participation interests are subject to the anti-fraud provisions of the federal securities laws. BPAS has received several no-action letters from the SEC Staff stating that the staff will not recommend enforcement action to the SEC if the Employee After-Tax Contribution VEBA is not registered under the Investment Company Act, and the participation interests in the Employee After-Tax Contribution VEBA are not registered under the Securities Act.

STATEMENT OF ERISA RIGHTS

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (“ERISA”). ERISA provides that all plan participants shall be entitled to:

Receive Information About Your Plan and Benefits

- Examine, without charge, at the Plan Sponsor’s office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefit Administration.
- Obtain, upon written request to the Plan Sponsor, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, the latest annual reports (Form 5500 Series), and an updated summary plan description. The Plan Sponsor may assess a reasonable charge for the copies.
- Receive a summary of the Plan’s annual financial report. The Plan Sponsor is required by law to furnish each participant with a copy of this summary annual report.

Prudent Actions by Plan Fiduciaries:

In addition to creating rights for Participants, ERISA imposes duties upon the people who are responsible for the operation of the Plan. The people who operate the Plan, called “fiduciaries” of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including your Employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

Enforce Your Rights:

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Sponsor to provide the materials and pay you to up \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Sponsor. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan’s decision or lack thereof concerning the qualified status of a medical child support order, you may file suit in federal court. If it should happen that Plan fiduciaries misuse the Plan’s money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds that your claim is frivolous.

Assistance with Your Questions:

If you have any questions about your Plan, you should contact Human Resources at 310.506.4397. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Sponsor, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue, N.W., Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

DOMESTIC RELATIONS ORDERS

In the event of any divorce, legal separation, or cessation of Dependent Child status, you and your former dependent cannot simply agree to divide your Accounts. However, the Plan recognizes domestic relations orders that meet certain requirements similar (but not identical) to the qualified domestic relations order (“QDRO”) rules applicable to retirement plans. In the event of a divorce or other domestic relations situation, a court might order that your Accounts be divided between you and your Spouse or other dependent family member. If this happens, the Spouse or dependent family member may use his or her divided portion of the Accounts for Reimbursement Benefits in accordance with the court order.

The domestic relations order rules under the Plan differ in important respects from the rules governing QDROs issued for retirement plans. Therefore, it is important that you (and if applicable your legal counsel) review the Plan’s specific requirements for domestic relations orders to ensure that any order submitted to the Plan will be fully compliant with the terms of the Plan.

You may call Human Resources at 310.506.4397 to request a copy of the Plan’s domestic relations order rules.

AMENDMENT, TERMINATION, AND WITHDRAWAL

Can the Plan Sponsor Amend or Terminate the Plan?

The Plan Sponsor intends to continue the Plan. However, subject to the terms of its participation in the Retiree Health Program, the Plan Sponsor reserves the right to modify, alter, or amend the Plan, the Employer-Contribution VEBA Trust, and/or the Employee After-Tax Contribution VEBA Trust, in whole or in part, at any time. However, no modification, alteration, or amendment will have the effect of returning to the Employer any part of the principal or income of the trusts. In addition, the Plan Sponsor reserves the right to discontinue Employer Contributions, eliminate any form of benefit, or terminate this Plan at any time.

The Plan Sponsor has the right to suspend or change the amount of Employer Contributions. The Plan Sponsor also has the right to change the Plan’s design by amendment, including, for example, the age and service requirements its employees must satisfy in order to be eligible for Employer Contributions and/or to make Employee After-Tax Contributions to the Plan, the eligibility criteria that participants must satisfy to qualify for the Reimbursement Benefit, the Retirement Eligibility and its obligation to pay the per-participant fee. The Plan Sponsor may change the Mutual Funds available for investment under the Plan.

If the Plan Sponsor amends the Plan, all participants will be informed of the amendments by receiving a summary of material modifications. Participants will

also receive a revised version of this SPD at least every five years if any material provision is revised, or every ten years if no material revisions are made.

HEALTH PRIVACY

The Standards for Privacy of Individually Identifiable Health Information (codified at 45 CFR Parts 160 and 164), commonly called the HIPAA Privacy Rules, establish standards for the protection of individually identifiable health information. The HIPAA Privacy Rules apply to the Retiree Health plans reimbursement of Qualified Medical Expenses. You should read these documents carefully to understand how your health information, and the health information of your covered family members, may be used and disclosed in the process of administering the Plan.

TAX EFFECTS OF PARTICIPATION IN THE PLAN

The following summary of Federal income tax consequences of participation in the Plan does not purport to be complete. In addition, in some cases it may be important to consider the effect, if any, of gift, estate and inheritance taxes. Finally, the following summary is based on Federal income tax law and regulations current as of January, 2017, and is subject to change at any time.

THE FOLLOWING STATEMENT IS PROVIDED PURSUANT TO U.S. TREASURY DEPARTMENT REGULATIONS:

THIS SUMMARY PLAN DESCRIPTION IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY A TAXPAYER FOR THE PURPOSE OF AVOIDING PENALTIES THAT THE INTERNAL REVENUE SERVICE MAY IMPOSE ON THE TAXPAYER.

NO REPRESENTATION RESPECTING TAX TREATMENT HAS BEEN MADE TO A PLAN PARTICIPANT. PLAN PARTICIPANTS ARE URGED TO CONSULT THEIR COUNSEL, ACCOUNTANTS, OR OTHER TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF THEIR PARTICIPATION IN THE PLAN.

The contributions to the Plan by your Employer are not taxable to you when made to the Plan. All of your contributions to the Plan will be made on an after-tax basis and may not be deducted on your individual income tax return. Earnings on investments in your Accounts will not be taxable to you. You may not deduct any losses on investments in your Accounts.

Benefits distributed from the Plan for the “medical care” of participants and their eligible dependents will be exempt from Federal income tax. Medical care would include the payment of premiums for health insurance, and the reimbursement of Qualified Medical Expenses. If a reimbursement of Qualified Medical Expenses

is erroneously overpaid, the overpayment would be subject to tax and, if not reported on a timely basis, to penalties and interest.

IMPORTANT: With respect to your family members who can have premiums or reimbursements paid from your Accounts, the Plan is intended to cover individuals who qualify as your spouse or dependent under Federal tax law. If you enroll an individual who does not qualify as your spouse or dependent under Federal tax law (such as a domestic partner), you may be required to report as taxable income the value of coverage and benefits received. Consult your tax advisor if you have any questions about an individual qualifying as your spouse or dependent under Federal tax law. There also may be different tax treatment under state and local income tax law.

Because your Employer is a tax-exempt organization, it does not receive a tax deduction for its contributions to the Plan. The earnings generated by contributions to the Plan will be exempt from Federal income tax, including the unrelated business income tax (“UBIT”) provisions of Federal income tax law.

Generally, the state and local income tax treatment of participants and their beneficiaries should be the same as the federal income tax treatment, but there may be differences. There may be differences with respect to same-sex marriages in certain states, and there may be differences for purposes of foreign income taxes.

IMPORTANT INFORMATION ABOUT THE PLAN

Name of Plan:	Retiree Health Plan for Pepperdine University
Plan Sponsor (and Plan Administrator):	Human Resources Pepperdine University 24255 Pacific Coasts Hwy benefits@pepperdine.edu 310-506-4397
Employer Identification Number:	95-1644037
Plan Number:	503
Type of Plan:	Health and welfare benefit plan.
Type of Administration:	Self-administered with certain elements of contract administration by third-party service providers.
Plan Effective Date:	August 1, 2005; restated January 1, 2012, Restate January 1, 2017
Plan Year:	January 1 - December 31
Record Keeper:	BPAS 6 Rhoads Dr. #7 Utica, NY 13502
Benefits Administrator:	BPAS 6 Rhoads Dr. #7 Utica, NY 13502
Agent for Service of Legal Process:	Service of legal process may be made on the Plan Sponsor at the above address. Service of Legal Process may also be made on the Plan's Trustee at the address listed below.
Trustee:	Hand Benefits and Trust 6 Rhoads Dr. #7 Utica, NY 13502

OFFER TO DELIVER FORM ADV PART II

Regarding participation interests in the voluntary employee contribution VEBA Trust

Except to the extent federal law preempts state law: (i) the participation interests in the voluntary employee contribution VEBA trusts associated with the Retiree Health plans may be treated as securities under various state securities laws; (ii) the offering of these participation interests is subject to compliance with any applicable state law; and (iii) for residents of Georgia, the participation interests are being offered in reliance on paragraph 13 of Code Section 10-5-9 of the Georgia Securities Act of 1973, as amended (the "Georgia Act"). The participation interests may not be sold or transferred.

APPENDIX A – PARTICIPATING AFFILIATES

None.

**APPENDIX B – OTHER CLASSES OF EMPLOYEES EXCLUDED FROM THE
DEFINITION OF ELIGIBLE EMPLOYEE UNDER THE PLAN**

Employees with less than three (3) years of service in a benefits eligible class

Employees who are not at least age 25

Staff Employees regularly scheduled to perform less than thirty (30) hours of service per week

Employees classified as adjunct faculty

Employees classified as student, temporary or camp employees

Employees not employed by Pepperdine University

APPENDIX C – EMPLOYER CONTRIBUTIONS

Annual contribution(s) to be determined by the Administration each August 1st.

Leaves of Absence:

The University will continue to make Employer Contributions while employees are on the following leaves (whether paid or unpaid) for the time periods stated:

- 1) Medical Leaves of Absence including Workers' Compensation Leave, FMLA, CFRA, CA PDL, and up to the first 6 months of leave starting with the last day of work for Sick Leaves
- 2) Sabbatical
- 3) Paid Administrative Leaves of Absence

The University will not make Employer Contributions to Employees on unpaid Personal Leaves of Absence.

APPENDIX D – INVESTMENT OPTIONS

The Investment Funds available under the Plan are:

INVESTMENT NAME	TICKER	INVESTMENT CATEGORY
ALLSPRING SPC SM CP VAL R6	ESPRX	EQUITY
AMERICAN FUNDS EUROPACIFIC F3	FEUPX	EQUITY
AMERICAN FUNDS NW PRSPCTV F3	FNPFX	EQUITY
BLACKROCK EQUITY DIVIDEND K	MKDVB	EQUITY
DODGE & COX INCOME X	DOXIX	BOND
FIDELITY 500 INDEX INST'L PREM	FXAIX	EQUITY
FIDELITY CONTRAFUND K6	FLCNX	EQUITY
FIDELITY INT'L INDEX INSTL PRE	FSPSX	EQUITY
INVESCO DEVELOPING MKTS R6	ODVIX	EQUITY
JH DISCIPLINED VAL MID CAP R6	JVMRX	EQUITY
JHDISCVALUR6 J	JDVWX	EQUITY
LORD ABBETT DEV GROWTH R6	LADVX	EQUITY
MAINSTAY MACKAY HIYLD CORP BD	MHYSX	BOND
PGIM GLBL TOTAL RETURN Q	PGTQX	BOND
T. ROWE PRICE DIV MID-CAP GRTH	RPTTX	EQUITY
T. ROWE PRICE DIV MID-CAP GRTH	PRDMX	EQUITY
T. ROWE PRICE RET'MT 2005 I	TRPFX	BALANCED
T. ROWE PRICE RET'MT 2010 I	TRPAX	BALANCED
T. ROWE PRICE RET'MT 2015 I	TRFGX	BALANCED
T. ROWE PRICE RET'MT 2020 I	TRBRX	BALANCED
T. ROWE PRICE RET'MT 2025 I	TRPHX	BALANCED
T. ROWE PRICE RET'MT 2030 I	TRPCX	BALANCED
T. ROWE PRICE RET'MT 2035 I	TRPJX	BALANCED
T. ROWE PRICE RET'MT 2040 I	TRPDX	BALANCED
T. ROWE PRICE RET'MT 2045 I	TRPKX	BALANCED
TRP INTEG US SC GRW EQTY I	TQAIX	EQUITY
VANGUARD FEDERAL MONEY MARKET	VMFXX	STABLE VALUE
VANGUARD INFLATN-PROT SEC ADM	VAIPX	BOND
VANGUARD MID-CAP INDEX ADMIRAL	VIMAX	EQUITY
VANGUARD SMALL-CAP INDEX ADM	VSMAX	EQUITY
VANGUARD TOTAL BOND MARKET INDEX	VBTIX	BOND